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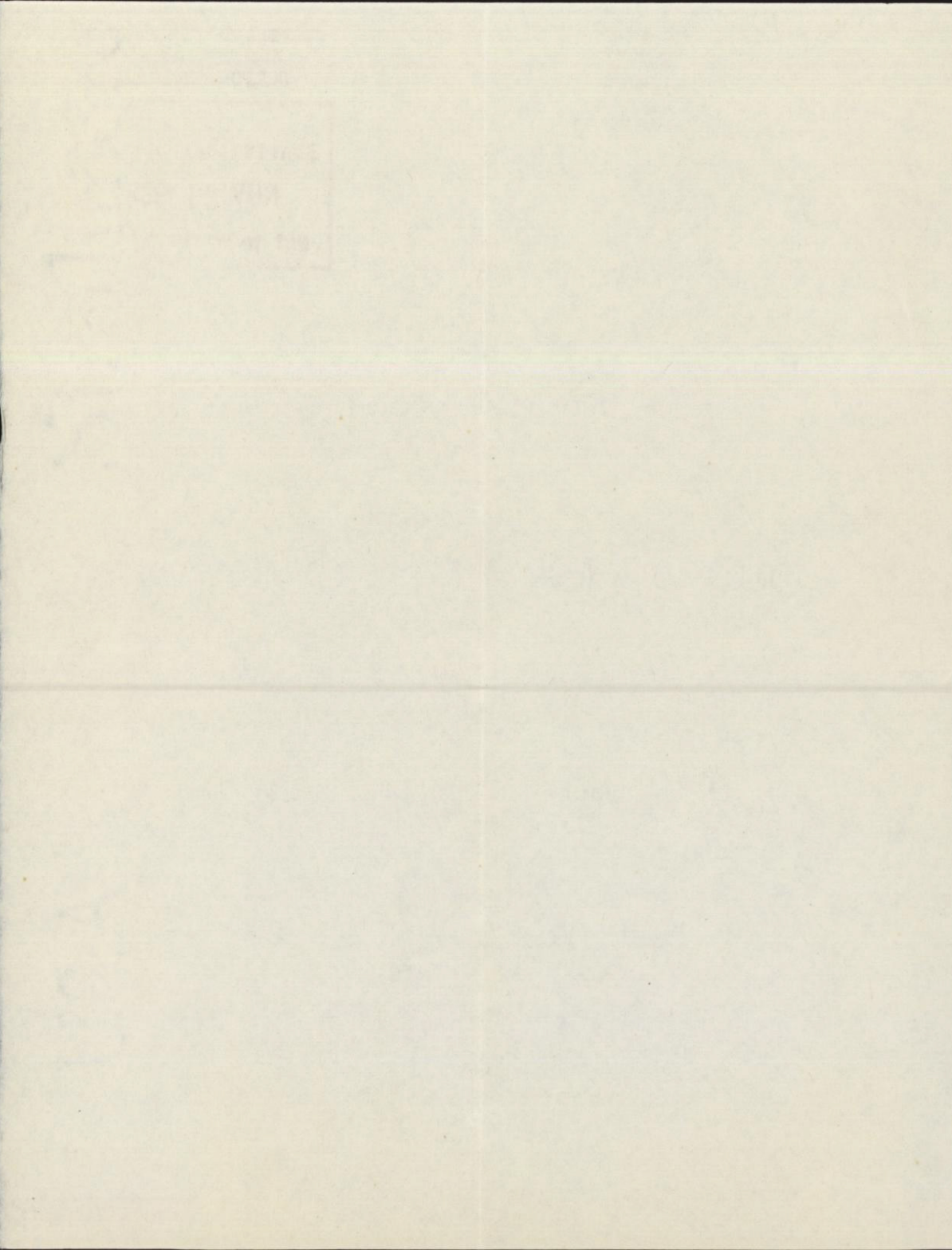
STATISTICAL SECTION

NOV 23 1933

NOT TO BE TAKEN FROM

Financial Report
OF
GEO. A. HORMEL & COMPANY
AUSTIN, MINNESOTA
for the
Fiscal Year Ended October 28, 1933

*MRG
Corp file*



To the Stockholders of
Geo. A. Hormel & Company;

Austin, Minnesota
November 21st, 1933

The earnings statement and balance sheet of your Company for the year ended October 28, 1933, is submitted herewith.

The growth in the volume of the business of your Company has been continued during the past year. In dollars, sales have increased 4 percent. In quantities, sales amounted to 325,509,103 pounds, which is an increase of 45,421,012 pounds, or 16 percent. A considerable part of the increased volume is accounted for by new lines.

A substantial part of the Company's profit is derived from operations which are not carried on by most packing houses. Without the profits earned by these specific activities, we find that the regular packing house operation yielded us 30 cents apiece for the animals we slaughtered and marketed. This certainly is a small charge to the live stock producer for the use of the facilities and working capital of the Company.

The Company is in sound financial condition. Net current assests are \$4,243,240.82. The ratio of current assets to current liabilities is 5.4 to 1. The Company has no funded debt nor bank loans.

Earnings available for common stock for the year were \$544,008.75, or \$1.14 per share.

Inventories are larger than in previous years due to expanded activities of the Company.

Since August 1 the Company has conformed to the requirements of the N. R. A. for the meat-packing industry. This has increased the costs of manufacture, these increases in operating costs ranging from 19 to 43 percent.

A matter of growing concern is the question of taxes. Every citizen, whether he be a stockholder or a worker, should realize the percentage of our national wealth which is being appropriated for Government purposes and which is therefore not available to us through our regular channels of investment or employment. The regular taxes which are apparently applicable to all business in about the same proportion as we were required to pay, would equal 8 percent of the total wages and salaries paid by the Company. That means that every 12 people in the employ of the Company are supporting 1 person in government. If the Federal floor tax on pork were included in our figures, it would be 1 person in 8.

(Continued on Seventh Page)

CONSOLIDATED B

Geo. A. Hormel & Company - A

October 2

ASSETS			
CURRENT:			
Cash		\$ 709,495.12	
Accounts Receivable	\$1,238,408.18		
Less allowance for doubtful	75,000.00	1,163,408.18	
Merchandise inventories		3,320,040.16	
TOTAL CURRENT ASSETS			\$ 5,192,943.46
OTHER ASSETS:			
Investment in and account with affiliated Company		\$ 69,684.94	
Sundry notes and accounts	\$ 145,532.15		
Sundry securities	67,666.94		
Employees' stock purchase notes	68,618.88		
	\$ 281,817.97		
Less allowance for possible loss in liquidation	100,900.00	180,917.97	
Employees' advances		13,892.71	
Real Estate - other than plant		104,692.20	369,187.82
PERMANENT - at cost			
Land		\$ 162,282.04	
Buildings, machinery and equip- ment	\$5,969,251.55		
Less allowance for depreciation	1,524,162.79	4,445,088.76	4,607,370.80
PREPAID:			
Plant supplies, unexpired insurance, etc.			110,838.72
			<u>\$10,280,340.80</u>

GEO. A. HORMEL & COMPANY,
Austin, Minnesota

Gentlemen:

We have examined the general accounts pertaining to the assets and liabilities of domestic subsidiaries as of October 28, 1933, and have reviewed the operating accounts for

In our opinion, based on the records examined and information obtained by us, the foregoing balance sheet (including the accounts of the Mexican subsidiary without a accompanying summary of income and surplus set forth the consolidated financial position of

Minneapolis, November 15, 1933

BALANCE SHEET

Austin, Minnesota, and Subsidiaries

1933

LIABILITIES

CURRENT:

Accounts Payable	\$ 521,890.71	
Dividends declared - payable Nov. 15, 1933	146,533.00	
Accrued taxes, etc.	102,478.93	
Federal and State Income taxes - estimated	178,800.00	
TOTAL CURRENT LIABILITIES		\$ 949,702.64

RESERVES:

For Contingencies	\$ 182,468.46	
For Federal Floor tax	125,000.00	307,468.46

CAPITAL:

PREFERRED STOCK - cumulative

Authorized 50,000 shares

Class A - 6% Class B - 7%

Issued	14,554 shares	1,065 shares	
In treasury	102 shares	265 shares	
Outstanding	14,452 shares	800 shares	\$1,525,200.00

COMMON STOCK - no par value

Authorized	500,000 shares	
Issued	493,944 shares	
In treasury	16,924 shares	
Outstanding	477,020 shares	5,907,015.92

SURPLUS	1,590,953.78	9,023,169.70
		<u>\$10,280,340.80</u>

Contingent liabilities reported \$138,277.97

GEO. A. HORMEL & COMPANY - AUSTIN, MINNESOTA, and its wholly owned
the period then ended, and
and subject to the accuracy of the inventory quantities determined by the Management,
audit, these accounts consisting principally of net current assets of \$80,002.95), and the
the Companies and the result from operations for the fifty-two weeks ended at that date.

Signed (ERNST & ERNST)

SUMMARY OF INCOME AND SURPLUS

Geo. A. Hormel & Company - Austin, Minnesota
and Subsidiaries

Fifty-two Weeks Ended October 28, 1933

Net Sales -----				\$25,202,417.12
Deduct:				
Cost of goods sold, selling and general expenses -----	\$23,888,326.91			
Provision for depreciation -----	256,760.95			
Taxes:				
Property and other operating taxes -----	\$105,805.23			
Provision for Federal Floor tax on pork products in inventory - estimated -----	125,000.00			
Provision for Federal and State Income taxes - estimated --	190,743.69	421,548.92	24,566,636.78	
			\$	635,780.34
Dividends on Preferred stock -----				91,771.59
PROFIT AVAILABLE FOR COMMON STOCK			\$	544,008.75
Dividends on Common stock -----				477,031.25
			\$	66,977.50
Difference between par or stated value of treasury stocks purchased and sold -----				65.48
NET ADDITION TO SURPLUS			\$	67,042.98
Surplus - October 29, 1932 -----				1,523,910.80
SURPLUS - October 28, 1933			\$	<u>1,590,953.78</u>
Represented by:				
Appropriated for Capital stock in treasury -----	\$ 246,269.89			
Unappropriated -----	1,344,683.89	\$ 1,590,953.78		

It is estimated that the Federal processing tax on hogs which became effective November 5, 1933, will make this Company pay 4 million dollars this year. Should processing taxes be levied on meats other than pork, this amount would be increased accordingly. The working capital required for the Company is thus tremendously increased.

During the year the Company has erected new buildings for the handling of beef and small stock. These facilities will be in operation shortly. They represent the latest developments in efficiency and in favorable working conditions. The beef slaughtering floor is air-conditioned for the comfort of our workmen. We believe this is the first time anyone has undertaken to provide air-conditioning for a similar operation. Improved loading and shipping facilities have been provided in this new construction. The total result should be for added efficiency and the ability to serve our customers better.

Newspapers have recently carried stories of a strike in Austin. Most of our plant employees are members of the "Independent Union of All Workers", a local organization not affiliated with the American Federation of Labor, but advocating the "one big union" idea. On September 23, 1933, under threat of strike at our plant, the business men of the city of Austin gathered together and appointed an arbitration committee which was nominated by the Union and accepted by the Company. The purpose of establishing this committee was to provide a means whereby all labor disputes in Austin could always be settled by arbitration. The purpose was to make Austin a no-strike community. As a result of the strike last week, this local mediation board has now been replaced by the Industrial Commission of the State of Minnesota. It is our belief that officially bringing the State into the agreement as the official mediator will really serve to prevent further labor disturbances in Austin. The plant was out of operation only one day. We believe the atmosphere has been cleared and that the spirit of unrest due to these difficult times is now behind us, and that the members of our organization will now proceed to prosecute their business efficiently as they have done in years gone by.

JAY C. HORMEL
President

